



Supply and Demand: Worksheet

1. Nintendo wants to rush-release a new video game. They're planning to sell 30,000 copies of the game. Each game will cost \$20. However, Nintendo didn't have enough time to advertise the game sufficiently before release. Also, they didn't realize that a rival video game company had just come out with a very similar game a month earlier.

- a. Do you think that the number of games Nintendo sells will be higher or lower than they expected? How does supply currently compare with demand?
- b. Nintendo really wants to sell all 30,000 games. How should they change the price in order to entice more customers to buy it?
- c. Let's say Nintendo really wants to sell all 30,000 games, but they're not willing to lower the price. How else might they increase customers' demand for the product?

2. Taco Alarm just added a new item to their menu: the Spaghetti Taco. This new taco will only be available for a month - Taco Alarm is just doing a test run to see how the public will like it, so they only produced 10,000 units nationwide. Each taco costs \$3. About a week in, Taco Alarm realizes that everyone loves it! The tacos are selling super quickly.

- a. How does supply currently compare with demand for the month?
- b. As it is right now, Taco Alarm is quickly going through their supply of Spaghetti Tacos. How should Taco Alarm change the price to maximize their profits?
- c. Let's say Taco Alarm increases the price to \$8 per Spaghetti Taco. How would supply compare with demand in this scenario?

